Migration and COVID-19 in context: Labor migration and the agriculture sector in Nepal
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International labor migration is the cornerstone of household livelihoods in rural Nepal. The country receives remittances equivalent to about a quarter of its gross domestic product (GDP) annually (WB 2020). In the past two years, however, the international labor markets that Nepali workers depend on have been significantly impacted by the COVID-19 pandemic. Since the first nationwide lockdown imposed in Nepal (and globally) in March 2020, and subsequent restrictions on mobility in the country and around the world, labor migration to India and other countries has been disrupted while there has also been an upsurge in return migration, often under conditions of distress (Baniya et al. 2020).

Migrants bound for Qatar at Tribhuvan International Airport, Nepal, in 2021. While out-migration has picked up since the pandemic, the number of labor permits issued is still less than the pre-pandemic period (photo: Fraser Sugden).
Return migration and contraction of the remittance economy

The spring 2020 COVID-19 lockdown in India drove a large number of Nepali migrants home with many of them undertaking arduous journeys at high risk. Over a million Nepalis were reported to have returned from India in the six-month period from March to September 2020 (Dahal and Sapkota 2020). Another half a million or so were repatriated under difficult circumstances from 60 countries from June 2020 to May 2021, including 142,391 from the United Arab Emirates, 107,899 from Qatar, 49,352 from Malaysia and 42,306 from Saudi Arabia (CCMCC 2021).

Over the past two years, labor migration from Nepal has paused and resumed with the rise and fall in COVID-19 cases (or waves) in the country and abroad. Many migrant workers returned to India soon after the lockdown was lifted in Nepal. Some migrated elsewhere, mainly to Gulf Cooperation Council (GCC) countries and Malaysia, when ‘new entry’ or renewed labor permits became available after the first and second waves of the pandemic receded. However, the flow of labor migration has not picked up pace since: Labor permits issued to Nepali workers under the ‘new entry’ category in 2020/21 were less than a third of the permits issued in 2018/19 (DOFE, 2019, 2021). As per informal estimates from the Nepal Association of Foreign Employment Agencies (NAFEA), by August 2021, 2 million Nepalis were estimated to be awaiting migration abroad for work, including to India. Returnees from India (35%) and other countries (20%) made up over half this number. The rest were new entrants into Nepal’s labor market (15%) and those who had lost employment within the country (30%). The contraction of labor migration has resulted in declining remittances and a looming foreign currency crunch, which can have long-lasting effects on the economy of Nepal (NRB 2021).

The prospects of employment in the domestic labor market are bleak for both aspirant and returnee migrants. Even in pre-pandemic times, three quarters of the young people entering Nepal’s labor market every year had to find work outside the country because the rate of domestic job growth has lagged far behind the increase in labor force (NPC and UNDP 2020). In the aftermath of the mass return of migrant workers, policymakers and development agencies looked to the agriculture sector to absorb the returnees while also supporting the immediate food security of the large number of households whose livelihoods had been affected by the pandemic (NPC and UNDP 2020). In this context, this brief discusses the possibilities and challenges of employment and engagement of returnee migrants in Nepal’s agriculture sector amid the ongoing global crisis.

Returnee migrants’ interest and involvement in agriculture

The National Labour Force Survey of 2017/18 found that one-fifth of the returnee migrants were engaged in the agriculture, forestry and fisheries sectors (CBS 2019). Agriculture was the second most important employment sector for returnees after construction, which attracted 28.4% of them. The other important sectors were wholesale and retail trade and vehicle repair.

Studies conducted since the impact of the pandemic indicate continuing high interest in agriculture among current, returnee and aspiring migrants (IOM and NIDS 2020). In a survey of current migrants, 45% of those based in India and 21% working in the GCC countries and Malaysia expressed an interest in being self-employed in agriculture upon their return (ibid.). In another study on aspiring, returnee and current migrants, more than a quarter of the respondents (26.6%) expressed an interest in farming (IOM and NIDS 2020).

Among current migrants, 50% of those surveyed planned to engage in agriculture upon returning. Half of the returnee migrants planned to stay on in Nepal even after the pandemic; of them, 37% planned to engage in agriculture. Among aspiring migrants, 36% of those surveyed said agriculture would be their fallback option if their foreign employment plans were disrupted by the pandemic (IOM and NIDS 2020).

Nepal’s long-term agricultural policies

The 20-year Agriculture Development Strategy (2015-2035) of Nepal, which followed the two-decade-long Agriculture Perspective Plan (1995-2015), has set the country on a course of agricultural commercialization. Toward that goal, its focus is on accelerating the productivity of land and labor through a technology-driven ‘green revolution’. Within that context, the objectives of the Fifteenth Plan (FY 2019/2020-2023/2024) are to enhance agricultural productivity and production, develop agriculture-based industries, and build capacity for commercialization and competitiveness of agricultural products in the international market (NPC 2020). To attain these objectives, the plan includes strategies to develop entrepreneurship in small and medium agricultural enterprises, and to develop and expand agricultural technologies.

The Prime Minister Agriculture Modernization Project (PMAMP) is a major government initiative spanning the period 2017-2026 that aligns with the Agriculture
Development Strategy and aims to integrate value chain development of products, thus leading to agri-industrialization. Several activities such as support to agricultural mechanization, land management through land pooling, cooperative farming, contract farming, processing and post-harvest centers, quality management of food products, market management and quality seed management through agricultural research centers and government farm centers are envisioned under the PMAMP.

Nepal's agricultural policies and programs in the pandemic

Federal and provincial governments in Nepal have budgeted for several programs targeting returnee migrants since the pandemic. Returnee migrants and young people whose foreign employment plans have been disrupted due to the pandemic were included as beneficiaries in existing schemes offering concessional loans for self-employment, skill training for agricultural entrepreneurship, interest relief on existing agricultural loans, and support for agricultural mechanization, land reclamation, and collective or cooperative farming.

For instance, the government of Province 1 allocated NPR 120 million (ca. USD 1 million) under the Province 1 Chief Innovative Farming Programme to provide interest-free loans to returnee migrants who plan to start their own agriculture-based enterprises (MoEAP Province 1 2020). The government of Lumbini Province budgeted NPR 511.4 million (ca. USD 4.3 million) to provide relief to farmers and to attract returnee migrant workers to the agriculture sector (MoEAP Lumbini Pradesh 2020). In its budget for 2020/21, the government of Sudurpaschim Province allocated NPR 600 million (ca. USD 5 million) for its Integrated Agriculture and Livestock Development Programme and announced plans to motivate unemployed workers to take up agricultural production and support food and nutrition security through land reclamation, and commercialization and modernization of agriculture (MoEAP Sudurpaschim Pradesh 2020). An additional NPR 150 million (ca. USD 1.2 million) was allocated to the Integrated Agriculture and Livestock Development Programme to provide self-employment to Nepalis who had lost jobs abroad or at home due to the pandemic.

Challenges for returnee employment in agriculture: Landholding patterns and inadequate program implementation

A major constraint to the engagement of returnee migrants in agriculture is the size of landholdings in Nepal. Most farming households have access to only a small parcel of land and engage in subsistence agriculture that is unable to sustain the family throughout the year even if the harvest was good. The predominance of subsistence production in Nepal has changed little over time (Holmelin 2021; Roka 2017). The National Sample Census of Agriculture (2011/12) found that 60% of the households did not produce enough to feed themselves throughout the year.
Nearly all the landowning households (97%) produce only for their own consumption. It is only among households with landholdings in excess of 3 ha that more than 10% of them grow agricultural produce for sale. Such households make up less than 2% of the total households in Nepal.

Given the subsistence nature of most farming families, Nepal’s approach to commercialization of agriculture seemed to be of little relevance in terms of helping the reintegration of migrant workers during the pandemic. Prior studies have shown that smallholders and tenant farmers find it nearly impossible to generate enough revenue for a substantial reinvestment in their farms to enhance productivity (Sugden and Gurung 2012; Sugden 2019). Only about 3-4% of the holdings with land less than 0.2 ha reported engaging in agricultural production for sale; among them 91% were unable to even meet their year-round food consumption needs from own production. It is these households with insufficient food production that have been pushed to engage in labor migration to compensate for shortfalls from land and meet urgent cash needs (NPC 2019).

While most holdings in Nepal are small, agricultural initiatives have only viewed smallholder farmers as indirect beneficiaries via a trickle-down process; the direct benefits have mainly accrued to large-scale farmers (ADB 2020; Sijapati et al. 2017; Sugden and Gurung 2012). Government support, such as agricultural credit, grants and soft loans, subsidies for fertilizer, insurance and mechanization, and even infrastructure development, such as large-scale irrigation projects, are largely out of the reach of smallholder farmers (ADB 2020). There is also a history of nepotism in the distribution of state subsidies and agricultural grants, often involving political party cadres and government officials at the level of implementation (Bhattarai and Gautam 2019; Acharya 2020). The state has expanded agricultural credit flow, but there have been stark inconsistencies in loan disbursement (Kumar 2020; Nepal 2020; Sarraf 2020).

The landless and marginalized sections of the population continue to depend on the landed elite to access state benefits (Sijapati et al. 2017). Further, concessional interest rates for loans provided by the state remain out of the reach of smallholder farmers and those running micro and small enterprises; as a result, these groups rely more on high-interest, informal sources of credit (Sugden 2019; UNDP and IIDS 2020). High perceived risks and transaction costs for service providers deprive small and landless farmers the benefits of schemes providing collateral-free loans and agricultural insurance (Thapa et al. 2013; Basnett et al. 2014). These barriers to accessing government schemes and programs are an important reason for returnees remigrating even during the pandemic.

While the implementation status of all programs introduced by the federal and provincial governments in the context of the pandemic is not available, some reports indicate that they have been inadequate. One case in point is the
scheme introduced by the government of Sudurpaschim Province providing agricultural grants for agri-businesses. This province has a significant trend of seasonal migration to India, especially during the off-farm season (MoLESS 2020). Starting in October 2020, the scheme received 16 times more applications than its target of 5,000 individuals. A large number of the applicants were migrants who had returned during the pandemic, indicating a high interest in agriculture and the need for government support. However, due to delays in the implementation of the scheme, including the selection of candidates, many returnee migrants chose to remigrate to India, a historically favored destination of people from the western hills of Nepal, despite the rising cases of COVID-19 (Shah 2020).

The annual reports of the Auditor General have indicated inadequate implementation of policies and programs by provincial governments due to constrained service delivery. Frameworks to measure performance and user satisfaction have been missing (OAG 2021a). Further, in the absence of valid reports, questions have been raised about the fiscal accountability of provincial governments in distributing grants and implementing social protection programs. Even at the national level, the Auditor General has raised doubts whether agricultural subsidies are actually being utilized by poor and marginalized farmers (OAG 2021b), and noted the poor performance of the PMAMP in achieving the planned-for financial expenditure. At the level of local governments, there have been inconsistencies in record-keeping on the subsidies provided with the criteria for selection of farmers not stated. There have been instances of agricultural program budgets being spent only in the final quarter (OAG 2020). All these factors have been detrimental to the success of the government’s plans to bring about effective reintegration of returnee migrants in the agriculture sector.

Conclusion and recommendations

While there is interest among migrants and their households to take up agriculture as a livelihood, structural challenges related to land remain. Most farming households have access to only small parcels of land, and food production is not sufficient to make most households food-secure. Labor migration has historically been adopted as a livelihood strategy by many households, and this trend is likely to continue in future unless land accessibility is enhanced and agricultural programs explicitly target small farmers and landless households. Labor migrants will return home when the working environment is not conducive in destination countries, as was witnessed during the COVID-19 pandemic, but will remigrate as soon as the situation improves both in Nepal and abroad.

Based on our analysis above as well as consultations with key stakeholders, we make the following recommendations in an attempt to chart the way forward to address the challenge of reintegrating returnee migrants, especially smallholders, in the agriculture sector in Nepal in the post-pandemic context.

- The government’s broader policy of agricultural commercialization does not seem to benefit smallholder farmers, at least in the short term. The government needs to provide immediate support for the sustenance and reintegration of extremely vulnerable groups, such as smallholders and landless farmers. There is a need to shift focus to approaches that can directly impact small and marginal farmers, especially because this group is the most vulnerable in the current pandemic and is overrepresented among distressed returnees. Factors such as the predominance of smallholders in Nepal’s agricultural landscape and the constraints faced by them will need to be considered regarding the feasibility of an approach toward the commercialization of agriculture. Enhancing the integration of small farmers in agricultural value chains through cooperatives is one possible approach.  

- During the worst phase of the pandemic, the availability of welfare programs has been inadequate; many of these programs have not been targeted directly to the poor and most marginalized sections (WB 2021). For effective reintegration of returnee migrants into Nepal’s economy, timely implementation of government programs is key because in the absence of adequate support instruments, returnees will have no alternative but to remigrate even if it is not certain whether migration will improve their financial situation. Media reports indicate that migrants from the far-western region of Nepal, which is known for its high dependence on seasonal migration to India, have been finding it harder to get jobs in India since the pandemic (Budair 2021). This has resulted in many migrants incurring high costs for migration and accumulating additional debt burden.

- Access to land for smallholders and landless farmers can be improved through government schemes such as land banks, community/contract/cooperative farming and land pooling. There are positive impacts by improving access to loans and agricultural subsidies as well. However, identification of poor and vulnerable households is a must in order to support farmers at the bottom of the agricultural hierarchy. They comprise a significant proportion of migrants to and returnees from India.

\[3\] Interview with an official of the Nepal Federation of Savings and Credit Cooperative Unions, March 1, 2021.

\[4\] Interview with a representative of the All Nepal Peasants’ Federation (ANPF), March 2, 2021. Established in 1951, ANPF is an umbrella association of peasants in Nepal with different commodity and community associations.
References


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AGRUMIG Project

The project titled AGRUMIG ‘Leaving something behind’ - Migration governance and agricultural & rural change in ‘home’ communities: Comparative experience from Europe, Asia and Africa proposes an integrated approach to migration governance to address the two-way relationship between labor mobility and changes in agriculture and the rural sector. Migration creates challenges for rural ‘sending’ communities in low- and middle-income countries, yet it can also be transformative. The project engages in a comparative analysis of seven countries (China, Ethiopia, Kyrgyzstan, Moldova, Morocco, Nepal and Thailand) to identify the economic, institutional, cultural and agroecological factors which shape these relationships. It will identify the range of governance interventions that can harness migration to stimulate sustainable, gender equitable growth in agriculture, and reduce the distress associated with migration.

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Project website: http://agrumig.iwmi.org

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